

Message Text

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ACTION IO-13

INFO OCT-01 EA-07 ISO-00 CIAE-00 COME-00 EB-08 INR-07
LAB-04 NSAE-00 SIL-01 DODE-00 PM-04 H-01 L-03 NSC-05
PA-01 PRS-01 SP-02 SS-15 USIA-06 TRSE-00 OMB-01 ABF-01
SAJ-01 AF-08 ARA-06 EUR-12 NEA-10 /118 W
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R 171642Z FEB 77
FM USMISSION GENEVA
TO SECSTATE WASHDC 5293
INFO USUN NEW YORK 4180
USMISSION PEKING

C O N F I D E N T I A L SECTION 1 OF 2 GENEVA 1178

E.O. 11652: GDS
TAGS: ILO, CH
SUBJ: CHINA'S MEMBERSHIP IN THE ILO

REF: GENEVA 1059 (NOTAL)

1. SUMMARY: DESPITE ASSURANCES GIVEN BY DIRECTOR GENERAL THAT HE WOULD WITHDRAW HIS PROPOSALS ON CHINA'S MEMBERSHIP AND DUES, HIS REMARKS ON SUBJECT WERE SO AMBIGUOUS TO PROGRAM FINANCE AND ADMINISTRATIVE COMMITTEE THAT COMMITTEE (AND GENEVA GROUP) HAVE DEBATED ISSUES EXTENSIVELY. FOR- TUNATELY THERE IS VERY LITTLE SUPPORT FOR DG'S PROPOSALS IN EITHER FORUM. END SUMMARY.

2. ISSUE OF CHINA'S ARREARAGES WAS RAISED IN PROGRAM, FINANCE AND ADMINISTRATIVE COMMITTEE (PFAC) MORNING OF FEB 15 DURING DISCUSSION OF AGENDA ITEM ONE (1976-77 BUDGET STATUS, WHICH DEALS WITH ARREARAGES). BRITISH WORKER REPRESENTATIVE (PLANT) REFERRED TO CHINA'S NONPAYMENT AND QUOTED UN DOCUMENT WHICH DOES NOT LIST CHINA AS MEMBER OF ILO. PLANT ASKED ILO DIRECTOR GENERAL (DG) TO COMMENT ON CHINA'S
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MEMBERSHIP AND ARREARAGES IN ILO. IN HIS REPLY, DG SAID UN DOCUMENT WAS AMBIGUOUS AND IT WOULD BE UP TO UN SECRETARIAT TO EXPLAIN "REASONS OF LEGALISM" WHICH CAUSED CHINA NOT TO BE INCLUDED AS MEMBER OF ILO. DG THEN WENT ON TO DISCUSS HIS PROPOSAL IN 1978-79 BUDGET DOCUMENT (AGENDA ITEM 13), STATING THAT SINCE PREPARING THE DOCUMENT (WHICH PROPOSES

TO LIST CHINA AS AN INACTIVE MEMBER AND TO ESTABLISH AN "UNDISTRIBUTED RESERVE" TO COVER NON RECEIPT OF CHINA'S ASSESSMENTS), HE HAD INITIATED A SERIES OF MEASURES INTENDED TO HAVE THE PRC MAKE CLEAR ITS INTENTIONS AND TO HAVE PRC TAKE A DECISION ON ITS MEMBERSHIP, A DECISION WHICH HAD BEEN LONG DELAYED. HE ADDED THAT HE WAS MAKING CERTAIN APPROACHES TO THE PRC BOTH THROUGH THE PRC DELEGATION IN GENEVA AND ELSEWHERE, AND THAT THE SEC GEN OF THE UN WAS PROVIDING ADVICE ON SOME OF THESE APPROACHES. DG WENT ON TO SAY THAT HE HOPED (NO DATE SPECIFIED) TO BE ABLE TO GIVE PFAC AND THE GOVERNING BODY (GB) CLEAR INFORMATION ABOUT THE PRC WHICH WOULD REMOVE DOUBT ABOUT MEMBERSHIP AND ABOUT FINANCIAL QUESTIONS AND HE ASKED PFAC MEMBERS TO KEEP THIS IN MIND AS THEY PROCEEDED. DG DID NOT RPT NOT WITHDRAW HIS PROPOSAL FOR INACTIVE MEMBERSHIP AND UNDISTRIBUTED RESERVE NOR DID HE ASK SPECIFICALLY THAT ANY DECISION ON HIS PROPOSAL BE POSTPONED OR THAT THE ISSUE NOT BE DEBATED OR DISCUSSED.

3. DURING AFTERNOON SESSION, WHEN DG MADE HIS OPENING REMARKS ON 1978-79 BUDGET, HE ASKED FOR A SPECIAL PROVISION OF 10 MILLION DOLLARS TO REPLENISH THE WORKING CAPITAL FUND (WCF) (CHINA ARREARAGES ARE \$9.7 MILLION). HE DID NOT REFER TO CHINA BUT MEMBERS MADE THE LINKAGE ANYWAY (SEE BELOW).

4. AT MEETING OF GENEVA GROUP MORNING OF FEB 16,
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CHINA QUESTION AND WCF WAS DISCUSSED AS ONE ITEM, WITH CONSENSUS THAT SPECIAL ASSESSMENT TO REPLENISH FUND WOULD PROBABLY BE NEEDED BUT NOT NECESSARILY \$10 MILLION. FRG SPECIFICALLY SAID IT WAS IMPOSSIBLE FOR GOVERNMENT MEMBERS TO PAY CHINA ARREARAGES ALL AT ONCE, IF AT ALL, AND THE FRG WOULD NOT PAY SPECIAL ASSESSMENT TO REPLENISH WCF UNLESS AT THE SAME TIME A SOLUTION TO THE CHINA ISSUE WAS FOUND.

5. DURING GENERAL DEBATE (COVERING NUMEROUS FINANCIAL ISSUES IN 1978-79 BUDGET) IN PFAC FEB. 16, ALMOST ALL SPEAKERS FROM WORKER, EMPLOYER AND GOVERNMENT SEATS LINKED CHINA ISSUE AND WCF REPLENISHMENT PROBLEM, AND PLANT ASKED THE DG SPECIFICALLY TO EXPLAIN WHAT CONNECTION THERE WAS BETWEEN CHINA'S ARREARAGES, THE REQUEST TO REPLENISH THE WCF, AND THE REQUEST FOR MEMBERS TO PAY 65 PER CENT OF THEIR ASSESSMENT IN 1978 TO GIVE THE ILO OFFICE FUNDS TO DEAL WITH POSSIBLE U.S. WITHDRAWAL.

CONSENSUS WAS THAT MORE INFORMATION WAS NEEDED ON PROJECTED LEVEL OF WCF IN 1978-79, AND THAT SPECIAL ASSESSMENT MIGHT BE NEEDED BUT MUCH LESS THAN \$10 MILLION. SEVERAL SPEAKERS WERE OPPOSED TO PREPARING BUDGET IN WAY THAT ASSUMED CHINA WOULD PAY, AND INSTEAD SAID REALITY (OF CHINA'S DEFAULT) SHOULD BE FACED. HOWEVER, ONLY JAPANESE GOVERNMENT REP INDICATED WILLINGNESS TO SUPPORT PROPOSAL (NOW IN ALLOCATIONS COMMITTEE) TO LIST CHINA AS INACTIVE. OTHER MEMBERS STATED THEY WANTED CHINA'S MEMBERSHIP RESOLVED "ONCE AND FOR ALL" BUT DID NOT MENTION INACTIVE MEMBERSHIP.

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R 171642Z FEB 77
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C O N F I D E N T I A L SECTION 2 OF 2 GENEVA 1178

6. FEB 15, USDEL HOROWITZ RAISED WITH MEMBERS OF SECRETARIAT AMBIGUITY OF DG'S REMARKS TO PFAC THAT MORNING, AND WAS TOLD THAT DG'S REMARKS WERE VERY CLEAR IN FRENCH ALTHOUGH PERHAPS HAD BEEN BADLY TRANSLATED INTO ENGLISH. AFTER DEBATE IN PFAC FEB 16 SHOWED THAT NO MEMBER CONSIDERED CHINA PROPOSALS HAD BEEN WITHDRAWN, USDEL DISCUSSED SITUATION WITH DG WHO STATED AGAIN THAT AMBIGUITY ONLY EXISTED IN ENGLISH TRANSLATION. HE DISMISSED MEMBERS' REMARKS DURING DEBATE AS "SCATTERED" AND INSIGNIFICANT.

7. DURING USDEL'S BRIEF REMARKS ON PROGRAM AND BUDGET (SEPTTEL) FEB 17, HE REFERRED TO CHINA ISSUE, MAKING FOLLOWING COMMENTS: "I AM PLEASED

ABOUT THE DG'S REMARKS WHICH INDICATE HE IS TAKING INITIATIVES TO CLARIFY THE SITUATION IN ORDER TO HELP THE ORGANIZATION DEAL WITH THE PROBLEM. THE IMPLICATION OF HIS REMARKS ARE THAT THOSE MATTERS WHICH HAVE BEEN REFERRED TO BOTH IN THE ALLOCATIONS COMMITTEE AND IN THE PFAC ARE, I ASSUME, TO BE HELD BACK IN LIGHT OF THE EXPECTATION OF OBTAINING CONFIDENTIAL

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PRECISE INFORMATION. THE PAPERS PRESENTED IN BOTH COMMITTEES RAISE FINANCIAL QUESTIONS WHICH MAY TURN OUT TO BE UNNECESSARY. THEY ALSO RAISE STRUCTURAL PROBLEMS CONCERNING NEW CATEGORIES OF MEMBERSHIP. THESE PROPOSALS GO BEYOND THE NECESSITIES OF THE PRESENT SITUATION. I COMMEND THE DG'S APPROACHES TO THE PRC ON THIS SUBJECT."

8. COMMENT: USDEL'S UNDERSTANDING OF DG'S APPROACH (REFTEL) WAS THAT HE WOULD "WITHDRAW" HIS PROPOSAL TO LIST CHINA AS INACTIVE MEMBER AND TO ESTABLISH AN UNDISTRIBUTED RESERVE TO DEAL WITH FINANCIAL PROBLEM OF PRC ARREARAGES. USDEL ALSO UNDERSTOOD THAT DG WOULD PRESENT HIS REQUEST FOR SPECIAL ASSESSMENT TO REPLENISH WCF IN SUCH A WAY AS NOT TO LINK THIS TO CHINA QUESTION. DG'S REMARKS MORNING OF FEB 15 DEFINITELY FAILED TO CONVEY ANY IDEA THAT THE CHINA QUESTION WAS NO LONGER BEFORE PFAC, AND AS INDICATED ABOVE, REPLENISHMENT OF WCF HAS BEEN IMMEDIATELY LINKED TO THE CHINA ISSUE (WITH SOME SPEAKERS ADDING REFERENCES TO PROBLEM CAUSED BY POSSIBLE US WITHDRAWAL). USDEL FINDS DG'S PERFORMANCE ON THIS ISSUE AMBIGUOUS IN VIEW OF ASSURANCES DG HAD GIVEN EARLIER THAT HE WOULD WITHDRAW PROPOSAL ON CHINA. FORTUNATELY, TENOR OF DEBATE IN BOTH GENEVA GROUP AND PFAC INDICATES ALMOST NO SUPPORT FOR INACTIVE MEMBERSHIP AND VERY CONSERVATIVE APPROACH TO REQUEST FOR SPECIAL ASSESSMENT TO REPLENISH WCF.

9. ACTION REQUESTED: WOULD APPRECIATE DEPT POUCHING TO USLO PEKING POSITION PAPER AND GB DOCUMENTS ON CHINA QUESTION. CATTO

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Message Attributes

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